

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5937-01
Bill No.: HB 1850
Subject: Energy; Utilities; Boards, Commissions, Committees, Councils
Type: Original
Date: April 30, 2012

Bill Summary: This proposal creates the Missouri Energy Efficiency Performance Standard.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Public Service Commission Fund	(\$76,027)	(\$85,889)	(\$86,802)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$76,027)	(\$85,889)	(\$86,802)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Public Service Commission Fund	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator** state this proposal has no fiscal impact on the Courts.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Natural Resources (DNR)** would not anticipate a direct fiscal impact to their agency from this proposal.

Officials from the **Department of Economic Development - Office of Public Counsel** anticipate no fiscal impact from this proposal.

Officials from the **Department of Economic Development - Public Service Commission** state they will need one FTE Regulatory Economist III to collect and analyze all data required by this proposal (various energy efficiency programs by customer class, funding levels for programs, cost recovery, cost-effectiveness, measurement and verification of incremental savings) to be used in the energy efficiency savings requirements. This position would also be used for analyzing biennial and annual reports and to prepare the commission's report every five years.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
PUBLIC SERVICE COMMISSION FUND			
<u>Cost - Administration</u>			
Personal Services (1 FTE)	(\$44,410)	(\$53,825)	(\$54,363)
Fringe Benefits	(\$23,511)	(\$28,495)	(\$28,780)
Equipment and Expense	(\$8,106)	(\$3,569)	(\$3,659)
Total Costs	<u>(\$76,027)</u>	<u>(\$85,889)</u>	<u>(\$86,802)</u>
ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND	<u>(\$76,027)</u>	<u>(\$85,889)</u>	<u>(\$86,802)</u>
ESTIMATED NET FTE EFFECT ON PUBLIC SERVICE COMMISSION FUND	1 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal sets forth standards for encouraging and achieving energy efficiency and providing loans to customers to finance energy efficiency and demand reduction measures. Small businesses would be included in the customers that would benefit from such measures and loans.

FISCAL DESCRIPTION

This proposal creates the Missouri Energy Efficiency Performance Standard. Electric companies and gas companies must implement energy efficiency programs that achieve certain percentages of energy savings over time. The percentages and time frames are specified in the proposal. After 2020, the Public Service Commission (PSC) must decide whether to increase the percentages of energy savings or maintain the levels in place at that time.

The PSC shall assess a penalty on any electric or gas company that fails to achieve the required

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FISCAL DESCRIPTION (continued)

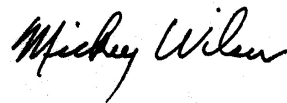
energy savings, which is equal to \$100 per megawatt-hour of electricity savings not achieved or \$10 per million Btu of natural gas savings not achieved.

Distribution cooperative utilities and municipal utilities are also subject to the percentage requirements for energy savings and annual reporting requirements.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Public Service Commission
Office of Public Counsel
Office of State Courts Administrator
Department of Natural Resources
Joint Committee on Administrative Rules
Office of Secretary of State
Administrative Rules Division



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Director
April 30, 2012